

## **Assembly Joint Resolution No. 11**

### **RESOLUTION CHAPTER 110**

Assembly Joint Resolution No. 11—Relative to the dischargeability of private student loan debt.

[Filed with Secretary of State September 9, 2013.]

#### **LEGISLATIVE COUNSEL’S DIGEST**

AJR 11, Wieckowski. Bankruptcy.

This measure would urge the President and Congress of the United States to support and pass legislation that would ease the dischargeability of private student loan debt in a bankruptcy case filed under Chapter 7 or Chapter 13 of the Bankruptcy Code.

WHEREAS, This resolution shall be known as the Financial Fresh Start Resolution of 2013; and

WHEREAS, Existing federal law exempts from discharge in a bankruptcy case filed under Chapter 7 or Chapter 13 of the Bankruptcy Code specified educational loans made, or secured, by a lender other than the federal government, also known as private student loans, unless the debtor convinces a bankruptcy court that repayment would be an undue hardship on the debtor and the debtor’s dependents, a sometimes difficult and expensive process not required to discharge other unsecured nonpriority debt; and

WHEREAS, Californians should have the same ability to discharge their private student loan debt as they do to discharge their unsecured nonpriority debt; and

WHEREAS, Californians who are not given relief from their burden of private student loan debt, even after a successful completion of a bankruptcy case, are seriously hindered from establishing personal economic stability and contributing to the economic growth of the state; and

WHEREAS, United States Senator Dick Durban and Representative Steve Cohen have recently introduced the following legislation in their respective congressional houses that would permit private student loan debt to be discharged in bankruptcy and are substantially similar to legislation they each introduced in 2010 and 2011:

(a) The Fairness for Struggling Students Act of 2013.

(b) The Private Student Loan Bankruptcy Fairness Act of 2013; and

WHEREAS, The inability of Californians to more easily discharge private student loan debt prevents them from gaining the “fresh start” that a successful bankruptcy case is intended to provide; now, therefore, be it

*Resolved by the Assembly and the Senate of the State of California, jointly,*  
That the Legislature urges the President and the Congress of the United States to support and pass legislation that would allow private student loan

debt to be dischargeable in a bankruptcy case filed under Chapter 7 or Chapter 13 of the Bankruptcy Code similar to the dischargeability of unsecured nonpriority debt; and be it further

*Resolved*, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the Majority Leader of the United States Senate, the Minority Leader of the United States Senate, and to each Senator and Representative from California in the Congress of the United States.